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29 March 1962

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CENTRAL

INTELLIGENCE

# BULLETIN



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State Dept. review completed

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29 March 1962

# CENTRAL INTELLIGENCE BULLETIN

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and settlers apparently in an uneasy stand-off following the 26 March clash in which a reported 53 demonstrators were killed.

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Situation Report--Ecuador: Since he became president on 9 November, Arosemena has adhered to middle-of-theroad policies which have subjected him to strong criticism from both right and left, culminating in plots to force his resignation. A group of military leaders and conservatives, who favor breaking relations with Cuba and oppose tolerance of leftists in important government posts, plans to force Arosemena to resign in favor of the vice president. Several of the "constitutional coups" this group had planned since late December were called off when Arosemena showed willingness to risk civil war to retain office. The plotters may now be waiting for the outcome of the congressional elections on 3 June. If Arosemena's supporters win a strong majority in Congress, the plotters will be forced to decide whether to launch a coup or to accept Arosemena rather than affront public opinion.

President Arosemena announced late yesterday that a military insurrection had occurred in the southern city of Cuenca but that it had no repercussions elsewhere. The president said the situation is under control.

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DAILY BRIEF

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	NATIONAL INTELLIGENCE ESTIMATES	
	The United States Intelligence Board on 28 March approved the following National Intelligence Estimates:	
	SNIE 36.1-62: "Prospects for Nasser," dated 28 March 1962,	25X
25X1	SNIE 13-3-62: "Probable Consequences of Chinese Nationalist Military Operations on the China Mainland," dated 28 March 1962,	25X
	Advance conclusions are normally distributed within 24 hours of USIB approval, and the printed text within five days.	
	20 More 62 DATI V. DDIETE viji	
	29 Mar 62 DAILY BRIEF vii	
		25X

25X1 Situation in British Guiana Governor Grey considers the Jagan administration extremely incompetent and foresees a chaotic situation "on which Communism could capitalize! The Governor predicted that there will soon be 'no money in the till"--despite London's recent advance of \$1,298,000 -- and that Jagan will shortly make a "real" effort to obtain bloc aid. Jagan has already sent missions to bloc countries to discuss various projects, but one official who just returned from the bloc 25X1 claims he got no firm credit offers. London seems to feel that the principal prerequisite for holding the May independence conference on schedule is a degree of prior agreement between Jagan and opposition leaders D'Aguiar and Burnham on a constitution. Parliamentary Under Secretary Fraser, who will be influential in determining London's decision, envisages independence no later than early 1963. Another Colonial Office official who recently visited British Guiana commented that by stalling, the opposition leaders could delay independence and probably force new elections, 25X1 25X1 25X1

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## Situation Report: Ecuador

The Ecuadorean cabinet is made up predominantly of conservatives and moderates. The Communists are the only national party not represented, but some alleged Communists have been appointed to subsecretarial posts, and the Ministry of Education has reportedly been strongly infiltrated.

Arosemena has ignored a request from the rightist plotters that he expel leftists from the government and break diplomatic relations with Cuba. On the other hand, he has spoken out strongly against domestic Communism and "subversion by Castroite elements." He directed his ambassador to the UN to support the US in the dispute with Cuba, and he appointed Ecuador's first representative of ambassadorial rank to the Vatican.

Arosemena has sufficient military and political backing in the coastal provinces to warrant a relatively independent position. Although the commanding officers of the armed forces and the minister of defense claim to have enough control of the armed services to force Arosemena out and establish a military junta, the officers of the coastal provinces have stated that they would not support such a move.

With congressional elections scheduled for 3 June, the plotters may decide to postpone a decision on a definite line of action until they can gauge Arosemena's post-election strength. His main political backing is in the Concentration of Popular Forces (CFP), centered in Guayaquil. If the CFP makes significant gains, the rightists will have to decide between armed revolt and acceptance. If the CFP does not improve its electoral position, they will be encouraged to renew efforts to cow Arosemena without removing him from office.

Ecuador's economic problems add to the general dissatis-						
faction. Former President Velasco's irresponsible fiscal and						
monetary policieswhich led to his downfallforced Arosemena's						
administration to adopt a program of foreign exchange stringency						
and fiscal austerity. Needed reforms and development programs						
have been postponed for lack of funds, exchange speculation has						
created some reluctance to invest and some flight of capital, and						
there is a manifest lack of confidence in the economy.						

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#### THE PRESIDENT

The Vice President

Executive Offices of the White House

Special Counsel to the President

Military Representative of the President

The Special Assistant for National Security Affairs

The Scientific Adviser to the President

The Director of the Budget

The Director, Office of Emergency Planning

The Director, National Aeronautics and Space Administration

### The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

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The Secretary of the Treasury

The Under Secretary of the Treasury

#### The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Assistant Secretary of Defense (International Security Affairs)

The Assistant Secretary of Defense

The Chairman, The Joint Chiefs of Staff

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Chief of Staff, United States Army

Commandant, United States Marine Corps

U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Director, Defense Intelligence Agency

The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

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